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29 July 1959

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CENTRAL INTELLIGENCE BULLETIN



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I. THE COMMUNIST BLOC

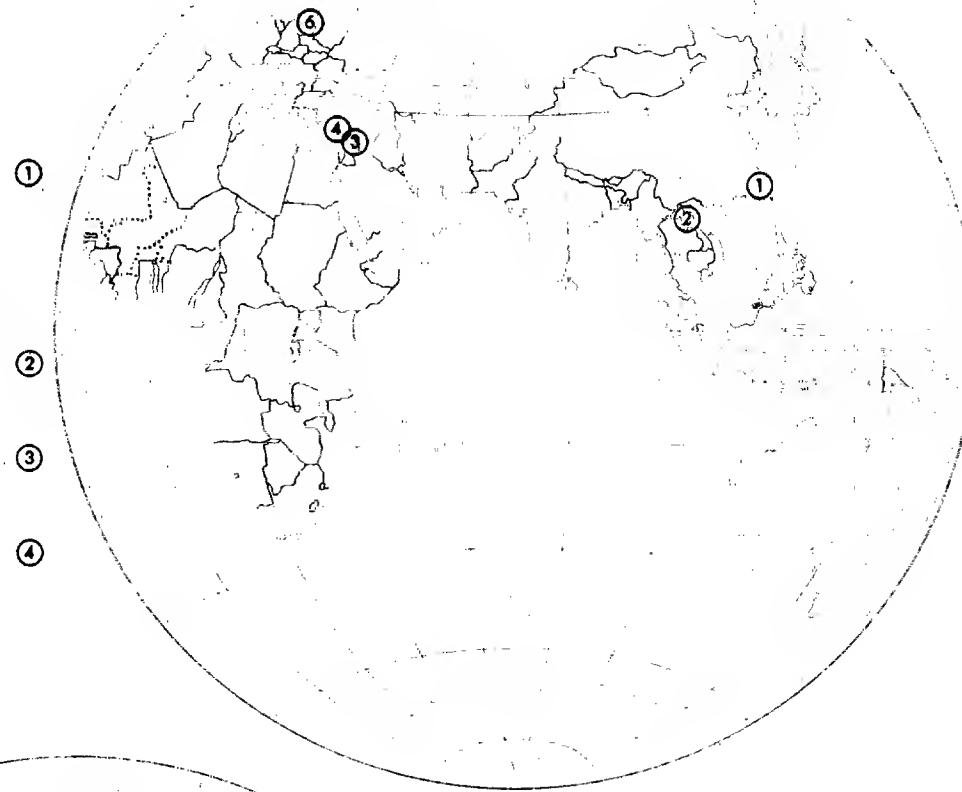
Chinese Communist shelling of Matsus on 27 July was retaliation for Nationalist shelling of fishing boats.

II. ASIA-AFRICA

Laos--Guerrilla attacks on army outposts produce 'grave' situation in Sam Neua Province; Communist propaganda charges joint US-French training program violates Geneva accords on Laos.

Lebanon--Assassination of Chamoun lieutenant could spark renewal of Christian-Druze vendettas.

Cyprus--Grivas and Archbishop Makarios may be on verge of final break.

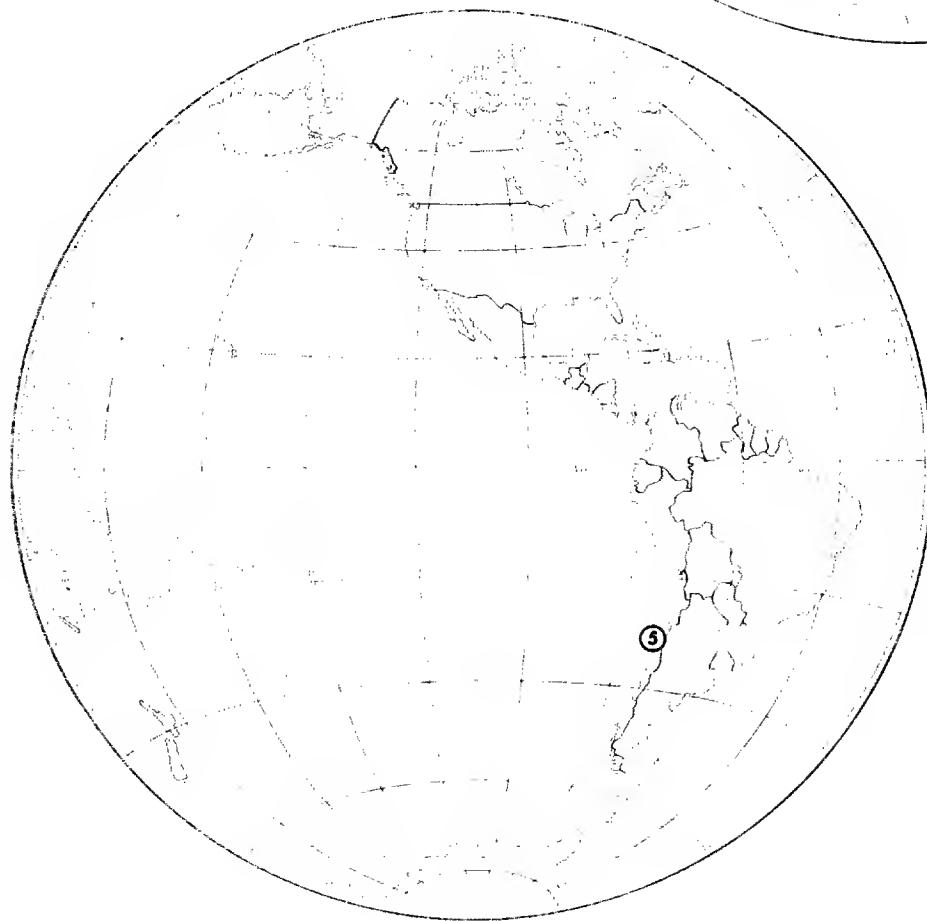


III. THE WEST

⑤ Latin American Communists planning leftist conference in Chile to coincide with OAS foreign ministers' meeting on 12 August.

IV.

⑥ Conclusions of special USIB committee on Berlin situation.



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DAILY BRIEF

I. THE COMMUNIST BLOC

Taiwan Strait: Chinese Communist artillery shelling of Nationalist positions in the Matsu Islands with 263 rounds on 27 July was in retaliation for 16 rounds of Nationalist fire on Communist fishing boats. In May and June, Nationalist fire on fishing boats resulted in several similar bombardments of Matsu by Communist guns.

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Laos: [The Laotian Army has lost control of the outlying areas of Sam Neua Province as a result of attacks on army posts, apparently by guerrillas of the former Pathet Lao Communist movement. According to the provincial governor, the capital of Sam Neua itself is threatened. While information on the attacks is sketchy, Premier Phoui considers the situation "grave." The province of Phong Saly, the other former center of Pathet Lao activity, has reported no clashes, and it is too early to determine whether these actions indicate a mass return to the bush by former Pathet Lao guerrillas. There is as yet no confirmation of reports that North Vietnamese are involved in the new fighting, but the US ambassador in Vientiane considers it likely. The attacks may have been a reaction to the government's increasing efforts to press its counterrevolution program in remote provincial areas.]

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Both Hanoi and Peiping have launched a vigorous campaign of protests against the proposed joint US-French training program for the Laotian Army, terming it a violation of the Geneva accords. They demand the immediate revival of the International Control Commission for Laos, warning that "the civil war in

Laos threatens to expand." The USSR also appears to be giving North Vietnam stronger support on the Laotian issue. The Soviet chargé in London has warned that the present trend in Laos portends "ominous consequences for peace in Indochina."

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OK **Lebanon:** The assassination on 27 July of Naim Mughabghab, one of the principal Christian guerrilla leaders who supported ex-President Chamoun in last year's civil strife, is likely to result in local disorders and communal clashes. The assassins appear to have been followers of the anti-Chamoun Druze leader, Kamal Jumblatt; if so, their arrest will be politically as well as physically difficult.

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Cyprus: The recent exchange of recriminations between Archbishop Makarios and EOKA leader Grivas may result in a final break between the two Greek Cypriot leaders. Makarios appears to have the support of a majority of the Cypriots and would probably be victorious in a showdown with the former terrorist leader. Any attempt by Grivas to resume an active role in determining Cyprus' future, however, would weaken the unity of conservative Greek Cypriots at a time when they face a potentially strong threat from the Communists. It would also have political repercussions in Athens and rouse apprehension among Turkish and Turkish Cypriot leaders.

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III. THE WEST

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Latin America - OAS: Latin American Communists apparently view the 12 August meeting of American foreign ministers in Santiago de Chile as a tailor-made opportunity to exploit anti-Americanism and attack the OAS as a US-dominated instrumentality to support dictatorships in the hemisphere.

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they are organizing a leftist conference under the

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auspices of FRAP, the Chilean Communist - Socialist coalition party, which is to coincide with the foreign ministers' meeting. Several Latin American Communist parties reportedly plan to send delegates.

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IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with all SNIEs relevant to the Berlin situation.

1. The USSR continues to maintain its hard position on Berlin and has attempted to increase pressure on the Western governments for further concessions--for example, by the Soviet-Polish communique. At Geneva, however, Gromyko is trying to keep the door open for negotiations, and no major developments are likely until the results of the Nixon visit have been evaluated by the USSR.

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2. So long as the Soviet leaders estimate that the prospects for negotiation with the West over Berlin are favorable to them, they will not conclude a separate peace treaty with the GDR or turn over access control to the East Germans. The USSR will continue to use threats of such actions as a form of pressure on the West. The actual physical transfer of controls could be accomplished with little or no warning.

3. While there are no reliable indications of a bloc intent to deny Allied or West German access to West Berlin, or to seal off West Berlin in the immediate future, such actions could be taken with little or no warning. Recent attempts by GDR officials to interfere with normal

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Western access procedures could stem from an increasing sense of importance and "sovereignty" in the GDR government as well as the long-range Soviet program to erode Western access rights.

4. West Berlin's political leaders, more pessimistic than at any time since the crisis began in November, are concerned that the West may be forced to make concessions at Geneva. They would prefer a complete breakoff rather than any modification of the West's 16 June proposals. There has been no significant change in West Berlin's favorable economic situation.

5. There is also considerable concern among West German officials in Bonn regarding the outcome of the Geneva conference. They fear that the Western powers, under pressure from Britain, will make dangerous concessions.

6. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.

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I. THE COMMUNIST BLOC

Communists Take Aggressive Line on Laos

Both Hanoi and Peiping are warning that "the civil war in Laos threatens to expand" and that this dangerous situation can be resolved only by recalling the Laotian International Control Commission (ICC) to investigate the situation. Radio Hanoi, in the past week, has been alleging Lao army "attacks" on former Pathet Lao units to disprove Vientiane's claims that relative quiet had been restored.

The Communists insist that Laotian neutrality, which they assert was promised by the 1954 Geneva agreements, has been undermined by various acts of the Phoui regime, but is most directly and dangerously threatened by the proposed joint US-French program to train the Laotian Army--made public on 24 July. The North Vietnamese Foreign Ministry has issued a statement demanding that Vientiane expel American military advisers, return to the five principles of peace and coexistence, and refuse to allow Laos to be transformed into a military base for the imperialists who are "planning a new war."

The USSR is pressing for an early meeting of the Geneva Conference cochairmen, and on 21 July the Soviet chargé delivered Moscow's reply to Britain's formal refusal on 9 June to call for reactivation of the ICC in Laos. The new Soviet note proposed that since Britain and the USSR disagreed on what is happening in Laos, the ICC should conduct an "impartial" investigation. The note reiterated previous claims that the Geneva agreements were being violated, and the Soviet chargé stressed to Foreign Office officials the "ominous consequences" for peace in Indochina.

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II. ASIA-AFRICA

Fighting Erupts in Laos

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[The Laotian Government's military position in Sam Neua Province in northeast Laos is threatened by a sudden onslaught of attacks on remote army outposts by dissident elements of the former Communist Pathet Lao movement. Reports on the fighting are still sketchy but several of the small outposts reportedly have fallen, and the government fears an enemy attempt on the town of Sam Neua, where the airfield provides the principal access to this remote and mountainous region.]

[The government is taking steps for prompt reinforcement of the two infantry battalions, comprising some 1,200 men, which at present to a large degree are scattered throughout the province in units of platoon strength. Antigovernment guerrilla forces in the province are believed to number upwards of 1,000 men, and include pro-Communist local tribesmen plus elements of the recently defected Pathet Lao battalion and probably some cadres from nearby North Vietnam. Ambassador Smith in Vientiane considers it likely that these attacks have been instigated and supported by the Vietnamese Communists, but direct evidence of this is lacking.]

[Prime Minister Phoui Sananikone has termed the situation "grave," but he does not believe the fighting in Sam Neua heralds full-scale civil war throughout Laos. Phoui believes the enemy's primary purpose is to take possession of Sam Neua, and later Phong Saly Province--the two former Pathet Lao strongholds.]

[The government has shown concern over the possible resumption of armed dissidence since May when the Pathet Lao battalion, assembled at Plaine des Jarres in Xieng Khouang Province, refused to be integrated into the Royal Laotian Army and escaped from its encampment. At that time Prince Souphanouvong and other leaders of the Neo Lao Hak Zat (NLHZ)--the political party formed by the Pathet Lao after the 1957 unification agreement--were briefly placed under house arrest. Phoui, in reaction to the Sam Neua fighting, now plans to place the

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[NLHZ leaders under close arrest. This would be further provocation for a full-scale return to guerrilla warfare by the Pathet Lao veterans who, together with Hanoi, have warned that continuation of the government's repressive measures against the party would have this result.]

[The attacks may be a reaction to the government's increasing efforts to press its countersubversion program against Communist influence at the grass roots. At the least, this development will throw the Phoui government off balance and hamper orderly implementation of an invigorated training program for its 25,000-man army.]

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Lebanese Assassination Increases Tension

The assassination of ex-President Chamoun's principal lieutenant, Naim Mughabghab, on 27 July could lead to local clashes and renewed communal disorders unless Lebanese authorities quickly produce likely culprits. Ambassador McClintock has stated that the assassins are believed to be anti-Chamoun followers of Druze leader Kamal Jumblatt, in whose territory Mughabghab was slain.

Mughabghab, a Greek Catholic, was the leader of Chamoun's partisans during last summer's rebellion and fought Jumblatt in the Druze area. Although early reports suggest the killing was an act by vengeful Druze tribesmen, it might have been instigated by pro-UAR terrorists. Damascus radiobroadcasts are playing up the possibility that Jumblatt was involved. Jumblatt had been making overtures toward the Lebanese Christian community during the past few months, and pro-UAR elements may have desired to prevent resumption of traditional Druze-Christian cooperation.

Chamoun, whose political activities have been circumscribed since he left office last fall, can be expected to try to capitalize on Mughabghab's death and use it as a means to rally Christians around his Free Nationalist party. Even if the culprits are prosecuted, it is likely that some of Mughabghab's supporters will seek to take private revenge. Mughabghab's funeral may be the occasion for disturbances.

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Makarios-Grivas Rift Widens

Statements by Archbishop Makarios on 26 July and by former leader of EOKA General George Grivas the following day may signal the final break between the two Greek Cypriot leaders. Makarios denounced the "super patriots" and "demagogues" who seek to create confusion for their own "selfish aims." Grivas alluded to "dark forces who seek to enslave Cyprus" and denounced "several people" who intended to hand over "fertile areas of Cyprus" for inclusion in British military bases.

Makarios has also denounced non-Communist opposition politicians in Greece who stand to gain by exploiting the split in the Greek Cypriot right wing. These politicians apparently hope to use the popular Grivas to bring down the present government, believing that a break with Makarios would be followed by Grivas' formal entrance on the Greek political scene.

[The Greek Government and many nationalist leaders on Cyprus have tried to heal the breach between Makarios and Grivas. The basic issues dividing the two involve: (1) the division of Cypriot municipalities between Greek and Turkish Cypriots; (2) the size of the British bases; and (3) the inclusion of Cyprus in the Commonwealth.]

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In an open contest for power on Cyprus, it appears that Makarios would have the necessary popular and organizational support to win. The struggle, however, would endanger implementation of the Cyprus accords and could seriously weaken the Greek Cypriot nationalists, who are faced by a powerful and united Communist movement.

Grivas' recent statements that he might renew the struggle against those who would "enslave" Cyprus and that he still dreams of a Cyprus united with Greece will cause apprehension among the Turkish Cypriots. On 27 July, Turkish Cypriot spokesman Fazil Kuchuk indirectly denounced Grivas' interference in Cypriot affairs and praised the leadership of Makarios.

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III. THE WEST

Communists Reportedly Organizing a Latin American Conference of Leftists in Chile

Latin American Communists reportedly are planning a leftist conference in Santiago to express solidarity with the governments and peoples of Cuba and Venezuela. The real intent of this conference, planned to coincide if possible with the meeting of American foreign ministers scheduled to be held in the same city on 12 August, is probably to promote anti-Americanism, attack the OAS as a US-dominated instrumentality in support of dictatorships, and propagandize against the foreign ministers' meeting.

the Chilean Popular Action Front (FRAP), a Socialist-Communist coalition, is the sponsor of the leftist conference, and the Communist parties of Argentina, Uruguay, Peru, Cuba, and Venezuela have accepted invitations. Mexico is said to have accepted tentatively. Cuban Prime Minister Castro, who apparently will be the hero of the gathering, stated on 26 July that he had accepted a FRAP invitation to visit Chile.

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Board of Consultants on Foreign Intelligence Activities

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The Secretary of the Treasury

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The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

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Director for Intelligence, The Joint Staff

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Director of Naval Intelligence, Department of the Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

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Atomic Energy Commission

The Chairman

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